

MINUTES OF MEETING  
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT  
November 2, 2016, 5:30 p.m.

President Green called to order the November 2, 2016 regular meeting of the Orange County Water District Board of Directors at 5:30 p.m. in the Boardroom at the District office. Following the Pledge of Allegiance to the Flag, the District Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony  
Denis Bilodeau  
Jordan Brandman  
Shawn Dewane  
Jan Flory  
Cathy Green  
Dina Nguyen  
Roman Reyna (arrived 5:37 p.m.)  
Stephen Sheldon  
Roger Yoh

Staff

Michael Markus, General Manager  
Joel Kuperberg, General Counsel  
Janice Durant, District Secretary

VISITOR PARTICIPATION

There were no persons wishing to address the Board on items not on tonight's Agenda.

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Anthony, seconded by Director Bilodeau and carried [9-0] as follows, with Director Brandman abstaining on a portion of Item No. 1, *Cash Disbursements*, due to the Levine Act.

Ayes: Anthony, Bilodeau, Brandman, Dewane, Flory, Green, Nguyen, Sheldon, Yoh

Absent: Reyna

Abstain: Brandman (Item No. 1, check No. 77209 to Townsend Public Affairs)

1. Approval of Cash Disbursements

MOTION NO. 16-145  
APPROVING CASH DISBURSEMENTS

Payment of the bills for the period October 13, 2016 through October 26, 2016 in the total amount of \$5,426,426.10 is ratified and approved.

2. Approval of Minutes of Board Meeting

MOTION NO. 16-146  
APPROVING MINUTES OF BOARD MEETING

The minutes of the Board of Directors meeting held October 5, 2016 are approved as presented.

3. Order 2015-16 Annual Engineer's Investigation and Report on Groundwater Conditions, Water Supply and Basin Utilization
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RESOLUTION NO. 16-11-148

ORDERING ANNUAL ENGINEERING INVESTIGATION AND REPORT ON  
GROUNDWATER CONDITIONS, WATER SUPPLY, AND BASIN UTILIZATION

WHEREAS, Section 25 and Section 31.5, subparagraph (1), of the Orange County Water District Act, as amended, provide that the District shall annually order an investigation and report to be made by an engineer or engineers employed by said District, for the purpose of investigating and reporting on groundwater conditions of said District, and for the purpose of ascertaining information relative to water use, water availability, and water costs as set forth in said District Act;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: The engineers of the District staff are instructed to proceed with said investigation and report on groundwater conditions for the water year 2015-16, in accordance with Section 25 of the amended Orange County Water District Act, for consideration of the Board in the levy of the replenishment assessment for 2016-17; and to proceed with said investigation and report on water supply and basin utilization, in accordance with said Section 31.5 of the amended District Act, for the consideration of the Board in the levy of a basin equity assessment for 2017-18.

Section 2: The engineers of the District staff are instructed to deliver the completed report in writing to the General Manager of this District on the second Wednesday in February 2017 as provided in said Act.

4. Revised FY 2016-17 Capital Improvement Program Budget

MOTION NO. 16-147

APPROVING REVISED FY2016-17 CAPITAL IMPROVEMENT PROGRAM BUDGET

The revised FY 2016-17 Capital Improvement Program budget to include the Water Production GWRS Final Expansion Flow Equalization Project is hereby approved.

5. Emergency Repair of Green Acres Project Service Line to OCSD Plant 1

RESOLUTION NO. 16-11-149  
FINDING THAT EMERGENCY REPAIR OF GREEN ACRES PROJECT SERVICE LINE  
IS AN EMERGENCY THAT WILL NOT PERMIT A DELAY RESULTING FROM A  
COMPETITIVE SOLICITATION FOR BIDS, AND RATIFYING AWARD OF AGREEMENTS  
TO JAMISON ENGINEERING CONTRACTORS  
AND DOTY BROTHERS CONSTRUCTION COMPANY

WHEREAS, staff has advised of a significant leak in the Green Acres Project (GAP) pipeline that serves the Orange County Sanitation District's Plant No. 1 that required immediate repair that would not permit a delay resulting from a competitive solicitation for bids and that Agreements were issued to Jamison Engineering Contractors in the amount of \$45,480 and Doty Bros. Construction Company in the amount of \$132,579 to perform such emergency repairs;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: The OCWD Board hereby finds, pursuant to California Public Contract Code Section 22050, that the aforementioned emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action to award professional services contracts is necessary to respond to this emergency.

Section 2: Issuance and execution of an Agreement to Jamison Engineering Contractors for emergency response to such GAP pipeline leak for an amount not to exceed \$58,102 is ratified and confirmed.

Section 3: Issuance of an emergency work order to Doty Bros. Construction Company for exploration and rehabilitation of concrete and pavement surfaces for an amount not to exceed \$132,579 is hereby ratified and confirmed.

6. Water Production GWRS Final Expansion (GWRSFE) Flow Enhancement Project: Resolutions for State Revolving Fund Loan Application

RESOLUTION NO. 16-11-150  
ESTABLISHING A DESIGNEE TO SIGN AND AUTHORIZE  
FINANCING AGREEMENTS WITH THE  
STATE WATER RESOURCES CONTROL BOARD  
FOR THE WATER PRODUCTION FLOW ENHANCEMENT PROJECT

RESOLVED, by the Board of Directors of the Orange County Water District that the General Manager is hereby authorized and directed to sign and file, for and on behalf of the Orange County Water District, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Water Production Flow Enhancement Project.

RESOLVED FURTHER, that the Orange County Water District hereby agrees and further does authorize the aforementioned representative or his/her designee, to provide the assurances, certifications, and commitments required for any such financial assistance application, and the execution of related financial assistance agreements from the State Water Resources Control Board and any amendments or changes thereto.

RESOLVED FURTHER, that the General Manager, or his/her designee, is designated to represent the Orange County Water District in carrying out the Orange County Water District's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Orange County Water District and compliance with applicable state and federal laws.

RESOLUTION NO. 16-11-151  
STATING OCWD INTENTION TO REIMBURSE ITSELF FOR EXPENDITURES  
PAID PRIOR TO ISSUANCE OF OBLIGATIONS OR APPROVAL BY STATE WATER BOARD  
OF THE PROJECT FUNDS FOR THE WATER PRODUCTION FLOW  
ENHANCEMENT PROJECT

WHEREAS, the Orange County Water District (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1: The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

Section 2: The reasonably expected maximum principal amount of the Project Funds is \$23,400,000.

Section 3: This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the portion of the Project costs to be reimbursed with Project Funds.

Section 4: Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

Section 5: To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

Section 6: This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

Section 7: All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.

#### RESOLUTION NO. 16-11-152

#### ESTABLISHING DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF STATE WATER RESOURCES CONTROL BOARD STATE REVOLVING FUND FINANCING FOR THE FISCAL YEAR 2016-17 CAPITAL IMPROVEMENT PROGRAM

WHEREAS, the Orange County Water District (the “District”) plans to enter into one or more financing agreements with the State Water Resources Control Board pursuant to the Clean Water State Revolving Fund (CWSRF), Seawater Intrusion Control Loan Program (SWIC), and/or Water Recycling Funding Program (WRFP) programs for the projects listed in the three-year Capital Improvement Program Summary located in Section 8 of the approved fiscal year 2016-17 budget (the “Project/s”), as approved by the District on November 2, 2016.

WHEREAS, the CWSRF, SWIC, and WRFP requirements require each recipient to establish one or more dedicated sources of revenue for repayment of the CWSRF, SWIC, and/or WRFP assistance (except for grants); and

WHEREAS, the District plans to dedicate Net Revenues (as such terms are defined in the installment Purchase Agreement, dated as of July 1, 2009, by and between the District and the OCWD Public Facilities Corporation) to the repayment of any and all CWSRF, SWIC, and WRFP financing for the “Project/s” on a parity with the District’s obligation to make payments under all Bonds and Contracts (as such terms are defined in the Installment Purchase Agreement, dated as of July 1, 2009, by and between the District and the OCWD Public Facilities Corporation);

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

The District hereby dedicates and pledges Net Revenues to payment of any and all Clean Water State Revolving Fund, Seawater Intrusion Control Loan Program, and/or Water Recycling Funding Program financing for the "Project/s" listed in the fiscal year 2016-17 Capital Improvement Program adopted by the District on November 2, 2016. So long as the financing agreement(s) is/are outstanding, the District's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the Net Revenues without any further action necessary. The District commits to collecting such Net Revenues throughout the term of such financing and until the District has satisfied its repayment obligation thereunder unless a modification or change is approved in writing by the State Water Resources Control Board. So long as the financing agreement(s) is/are outstanding, the District commits to maintaining Net Revenues at levels sufficient to meet its obligations under the financing agreement(s).

**ITEM RECOMMENDED FOR APPROVAL AT RETIREMENT COMMITTEE MEETING HELD OCTOBER 25**

**7. 457(B) Deferred Compensation Plan Investment Line-Up Review and Red Flag Fund Review**

**MOTION NO. 16-148**

**APPROVING CHANGES TO 457(B) DEFERRED COMPENSATION PLAN INVESTMENT LINE-UP REVIEW AND RED FLAG FUND REVIEW**

The following changes to the funds included in the 457(b) Deferred Compensation Plan and 401(a) Money Purchase Plan retirement fund portfolios are hereby approved.

Fund	Symbol	Action
<b>457 (b) Portfolio</b>		
Invesco Gold and Precious Metals Y	IGDYX	Red Flag
Prudential Jennison Health Sciences A	PHLAX	Red Flag
<b>401 (a) Portfolio</b>		
Oppenheimer Developing Markets A	ODMAX	Red Flag
Franklin Small Cap Growth Adv	FSSAX	Keep Red Flag
Fidelity Advisor® New Insights A	FNIAX	Keep Red Flag
Putnam Equity Income A	PEYAX	Keep Red Flag

**MOTION NO. 16-149**

**RECEIVING AND FILING 401(A) MONEY PURCHASE RETIREMENT PLAN AND 457(B) DEFERRED COMPENSATION PLAN INVESTMENT PORTFOLIO REPORTS**

The 401(a) Money Purchase Retirement Plan investment portfolio and the 457(b) Deferred Compensation Plan investment portfolio funds reports are hereby received and filed.

## MATTER FOR CONSIDERATION

Director Reyna arrived at 5:37 p.m. during discussion of the following item.

8. Amendment to Agreement with Jamison Engineering Contractors, Inc. to Provide GWRS Pipeline Inspection Services and Issuance of Agreement to HDR

Engineer Sandy-Scott Roberts recalled that staff inspected the entire GWRS pipeline in June 2014 and discovered signs of erosion of the concrete mortar lining. She noted that staff has continued to routinely inspect the interior mortar lining of the GWRS pipeline in order to ensure its integrity and to evaluate existing/new deterioration of the lining. Ms. Scott-Roberts advised that in September 2016 Jamison Engineering was hired to assist staff with the pipeline inspection, noting that an increase in the Jamison contract is necessary due to required repairs that were made during the inspection. She then reviewed the findings of the inspection (as provided in the staff report), the focus of which was to evaluate past repair sites and compare concrete mortar bit tests from the 2014 inspection. Ms. Scott Roberts stated staff evaluated isolated repair sites from 2014 by Jamison who used the repair product Sika 123, a polymer-modified, fast-setting, portland cement that is applied in the field. She stated the inspection showed that the 2014 repair spots remained intact and in good condition over the past 2-year time period and show no signs of degradation possibly due to an increase in the alkalinity of the GWRS product water with the fine-tuned lime addition. Unfortunately, Ms. Scott-Roberts stated the degradation of the existing concrete mortar lining had already begun in 2008, and even with recent increase in alkalinity of the GWRS water, signs show that the existing mortar lining is continuing to degrade. To pursue a repair solution, she presented staff's recommendation to enter into an agreement with HDR for a Pipeline Rehabilitation Study of potential repairs that could stop the mortar degradation within the GWRS pipeline. After discussion, the Board took the following action.

Upon motion by Director Anthony, seconded by Director Brandman, the following resolution was unanimously adopted [10-0].

Ayes: Anthony, Bilodeau, Brandman, Dewane, Flory, Green, Nguyen, Reyna, Sheldon, Yoh

RESOLUTION NO. 16-11-153

APPROVING AMENDMENT TO AGREEMENT WITH JAMISON ENGINEERING CONTRACTORS TO PROVIDE GWRS PIPELINE INSPECTION SERVICES AND ISSUANCE OF AGREEMENT TO HDR FOR GWRS PIPELINE REHABILITATION STUDY

WHEREAS, pursuant to Resolution No.16-4-47 adopted April 20, 2016 OCWD authorized Agreement No. 1156 to Jamison Engineering Contractor, Inc. for GWRS pipeline inspection services and repairs; and

WHEREAS, the District staff has recommended Amendment No. 1 to such Agreement with Jamison Engineering Contractor, Inc. in the amount of \$50,815 for additional GWRS pipeline inspection services and repairs; and

WHEREAS, the District staff has further recommended issuance of an Agreement to HDR in the amount of \$24,970 for a Pipeline Rehabilitation Alternatives Study for the GWRS Pipeline;

NOW, THEREFORE, the Board of Directors of the Orange County Water District Water District does hereby resolve as follows:

Section 1: Amendment No. 1 to Agreement No. 1156 with Jamison Engineering Contractor, Inc. is hereby approved as outlined herein for additional GWRS pipeline inspection services and repairs; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

Section 2: An Agreement to HDR is authorized as outlined herein for a Pipeline Rehabilitation Alternatives Study for the GWRS Pipeline and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

#### INFORMATIONAL ITEMS

8. Santa Ana Watershed Project Authority Activities

Director Anthony updated the Board on recent SAWPA activities.

9. Committee/Conference/Meeting Reports

The Board reported on the following Committee meetings and noted the Minutes/Action Agendas were included in tonight's Board packet.

- October 25 - Retirement Committee
- October 26 - Joint Planning Committee

10. Verbal Reports

General Manager Markus noted that the Water Advisory Committee is currently seeking a Vice President. He also noted that GWRS Steering Committee Chair John Neilson will step down at the upcoming OCSD Board meeting. Director Bilodeau commended staff on the recent Fletcher Basin dedication. Director Dewane noted that WaterNow Alliance toured OCWD, as did the Egyptian delegation.

11. ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 6:04 p.m. as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION –  
[Government Code Section 54956.9(a)] – One (1) case:  
Irvine Ranch Water District v. *OCWD, et al.* - Superior Court Case No. 30-2016-00858584-CU-WM-CJC

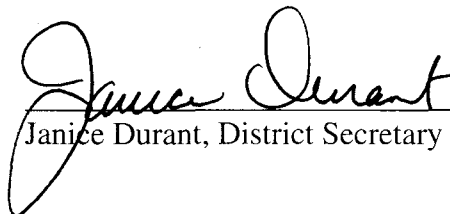


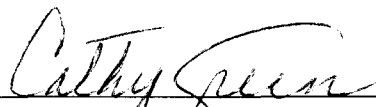
RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 6:50 p.m. whereupon General Counsel Kuperberg announced that no reportable action took place in Closed Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:50 p.m.

  
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Janice Durant, District Secretary

  
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Cathy Green, President